110TH CONGRESS
1ST SESSION

H. R. 3420

To amend the Internal Revenue Code of 1986 to require the use of Federally insured intermediaries for nonrecognition treatment on like-kind exchanges involving cash to be used to acquire the replacement property.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 3, 2007

Ms. ZOE LOFGREN of California introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to require the use of Federally insured intermediaries for nonrecognition treatment on like-kind exchanges involving cash to be used to acquire the replacement property.

1   *Be it enacted by the Senate and House of Representa-*

2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4   This Act may be cited as the "1031 Regulation Act

5 of 2007".

SEC. 2. FEDERALLY INSURED INTERMEDIARIES REQUIRED FOR LIKE-KIND EXCHANGES INVOLVING CASH TO BE USED TO ACQUIRE REPLACEMENT PROPERTY.

(a) IN GENERAL.—Subsection (a) section 1031 of the Internal Revenue Code of 1986 (relating to exchange of property held for productive use or investment) is amended by adding at the end the following new paragraph:

"(4) REQUIRED USE OF FEDERALLY INSURED INTERMEDIARIES FOR EXCHANGES INVOLVING CASH TO BE USED TO ACQUIRE REPLACEMENT PROPERTY.—Paragraph (1) shall not apply to any exchange as part of which cash is received by the taxpayer which is to be used to acquire like-kind property unless such cash is at all times before being so used held as a deposit in—

"(A) any insured depository institution (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)), or

"(B) any insured credit union (as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752)).".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to transfers after the date of the

1 enactment of this Act in taxable years ending after such

2 date.

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